

Message Text

LIMITED OFFICIAL USE

PAGE 01 PEKING 01009 01 OF 02 190515Z
ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 IO-13 AGRE-00 AID-05 COME-00 EB-07 FRB-03
TRSE-00 XMB-02 OPIC-03 LAB-04 EPG-02 SIL-01
OMB-01 /096 W
-----190527Z 078025 /11/75

R 190055Z MAY 77
FM USLO PEKING
TO SECSTATE WASHDC 7826
INFO AMCONSUL HONG KONG
AMEMBASSY SINGAPORE
AMEMBASSY TAIPEI
AMEMBASSY TOKYO
CINCPAC HONOLULU HI

LIMITED OFFICIAL USE SECTION 1 OF 2 PEKING 1009

C O R R E C T E D C O P Y (TEXT)

CINCPAC FOR POLAD

E.O. 11652: N/A
TAGS: ECON PINT US CH
SUBJ: TACHING CONFERENCE

REF: HONG KONG 5541

1. SUMMARY. THE NATIONAL CONFERENCE ON LEARNING FROM TACHING IN
INDUSTRY IMPRESSED US AS A SMOOTHLY ORGANIZED ECONOMIC AND POLITICAL
MOBILIZATION EFFORT, LAYING OUT THE BASICS OF NATIONAL ECONOMIC
PLANNING AND ENTERPRISE MANAGEMENT, PRC STYLE. STATEMENTS OF
NATIONAL ECONOMIC POLICIES ICPLUDE RENEWED EMPAHSIS ON
HEAVY INDUSTRY AND DEFENSE, REGIONAL PLANNING, PARTY CONTROLWE AND
GROWTH OF PETROLEUM OUTPUT. THE IMPORTAION OF FOREIGN TECHNOLOGY
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PEKING 01009 01 OF 02 190515Z

IS SANCTIONED. A VARIETY OF PRAGMATIC ANTXPRODUCTION-ORIENTED
MEASURES ARE RECOMMENDED IN THE AREA OF ENTERPRISE MANAGEMENT. AS
REPORTED IN THE CHINESE MEDIA, POLITICS WAS SUBORDINATED TO
PRODUCTION AT THE CONFERENCE, BUT THE QUESTION OF MATERIAL
INCENTIVES WAS NOT DISCUSSED, AT LEAST NOT IN PUBLIC. END SUMMARY

2. THE TACHING CONFERENCE WAS AN IMPRESSIVELY ORGANIZED

MOBILIZATION EFFORT WHICH SHOULD HAVE IMPORTANT POSITIVE EFFECTS ON THE ECONOMY IF ITS PRESCRIPTIONS ARE CARRIED THROUGH AS PLANNED. FOR ABOUT A WEEK AT TACHING ITSELF AND TWO WEEKS IN PEKING, SEVEN THOUSAND DELEGATES WERE TREATED TO A SERIES OF SPEECHES DESCRIBING THE GOALS OF CURRENT NATIONAL ECONOMIC PLANNING, SETTING THE GUIDELINES FOR ENTERPRISE MANAGEMENT, PROVIDING MODELS FOR INDIVIDUAL WORKERS, AND FRAMING AND REFRAMING SLOGANS. PEKING TV AND RADIO REPEATED THE MESSAGES DAILY. THE OVERALL IMPRESSION GIVEN WAS OF A CONSERVATIVE, RATIONAL LEADERSHIP, WHICH WAS NOT HESITATED TO REVIVE ECONOMIC POLICIES OF TWENTY YEARS AGO.

3. TACHING PROVIDES A SUITABLE VEHICLE FOR THESE EXPRESSIONS OF POLICY. IT IS A HIGHLY VISIBLE SYMBOL BOTH OF THE HUA GOVERNMENT'S CONTINUATION OF POLICIES ASSOCIATED WITH MAO PERSONALLY AND OF A SOCIETY WHERE SUCCESS IN SOCIALIST PRODUCTION IS SUITABLY REWARDED. BY ASCRIBING TO THE GANG OF FOUR POINT-BY-POINT OPPOSITION TO CAREFULLY SELECTED "CHARACTERISTICS" OF TACHING, POSSIBLE OPPOSITION TO THE HUA REGIME'S APPARENT CONSENSUS ON ECONOMIC POLICY SEEMS EFFECTIVELY FORECLOSED. BY ASSOCIATING SO MANY OF THE LEADERSHIP WITH THE CONFERENCE, THE REGIME UNDERSCORED THE CONSENSUS ACHIEVED IN ECONOMIC MATTERS, A CONSENSUS WHICH INCREASES THE CHANCES FOR A PERIOD OF SUSTAINED ECONOMIC GROWTH.

4. A SERIES OF SPEECHES BY CHAIRMAN HUA, VICE-CHAIRMAN YEH CHIEN-YING, VICE-PREMIER LI HSIEN-NIEN, STATE PLANNING COMMISSION CHIEF YU CHIU-LI AND MINISTER OF PETROLEUM K'ANG SHIH-EN, LAID OUT THE MAJOR LINES OF THE HUA GOVERNMENT'S ECONOMIC DEVELOPMENT STRATEGY. LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PEKING 01009 01 OF 02 190515Z

THERE WERE NO ABRUPT SHIFTS FROM THE POST-CULTURAL REVOLUTION RECONSTRUCTION POLICIES OF THE EARLY '70'S, BUT SIGNIFICANT NEW ELEMENTS WERE INTRODUCED, SOME OF WHICH EVOKE MEMORY OF POLICIES IN ABEYANCE FOR TWENTY YEARS. PRINCIPAL ELEMENTS OF THE "NEW" LINE:

5. REGIONAL PLANNING -- IN REAFFIRMING THE GOAL STATED BY CHOU EN-LAI AT THE FOURTH PEOPLE'S CONGRESS IN JANUARY 1975 OF GAINING THE FRONT RANKS OF THE WORLD'S ECONOMIES BY THE YEAR 2000, YU CHIU-LI INTRODUCED THE IDEA OF DEVELOPING SIX MAJOR ADMINISTRATIVE REGIONS BY 1985 SO THAT THEY CAN "FUNCTION SELF-RELIANTLY." WHILE THIS POLICY HAS POTENTIAL FOR EXERCISING A DISRUPTIVE, CENTRIFUGAL EFFECT ON THE ECONOMY, WE SEE IT AS A FURTHER STEP AWAY FROM THE PROVINCIAL AUTARKY WHICH HAS CHARACTERIZED THE PRC ECONOMY IN THE PAST. IN MOST SPEECHES, OVERTAKING THE US "THE MOST ADVANCED INTERNATIONAL STANDARDS" WAS USED AS THE ULTIMATE BENCHMARK IN ECONOMIC ACHIEVEMENT.

6. PARTY CONTROL -- EMPHASIS WAS LAID ON STRENGTHENED PARTY

CONTROL OF KEY ENTERPRISES, BOTH BY THE CENTRAL INDUSTRIAL DEPARTMENTS AND BY THE PROVINCIAL PARTY COMMITTEES. PROVINCIAL CONTROL IS REPEATEDLY CITED AS THE "KEY" TO INDUSTRIAL DEVELOPMENT. IN RECTIFYING INDUSTRIAL LEADERSHIP, PROVINCIAL PARTY COMMITTEES ARE TO PAY PARTICULAR ATTENTION TO THE TOP TWO MANAGERS IN KEY ENTERPRISES. LOCAL GOVERNMENTS ARE TO REFRAIN FROM PLACING DEMANDS ON THE RESOURCES OF THESE ENTERPRISES.

7. DEFENSE AND BASIC INDUSTRIES -- WHILE MAKING A DUTIFUL BOW TO THE AGRICULTURE-LIGHT INDUSTRY-HEAVY INDUSTRY HIERARCHY OF THE PAST, THE MAJOR SPEECHES, ESPECIALLY THAT OF YEH CHIEN-YING, INDICATED CLEARLY THAT HEAVY INDUSTRY HAS GAINED GROUND WITH A DECISION TO STRENGTHEN DEFENSE INDUSTRIES. WITH PRIMARY EMPHASIS LAID ON THE IRON AND STEEL INDUSTRY, EFFORT WILL BE MADE TO DEVELOP MINING CENTERS, FUEL AND POWER SUPPLY, AND PETROLEUM AND CHEMICAL PLANTS. FOR DEFENSE PURPOSES, THE GOVERNMENT WILL CONTINUE TO DEVELOP INDUSTRY IN THE INTERIOR.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 PEKING 01009 01 OF 02 190515Z

8. PETROLEUM -- THE SLACKENING IN THE PETROLEUM INDUSTRY'S GROWTH RATE OF LAST YEAR IS TO BE REVERSED, AND PETROLEUM WILL CONTINUE TO OCCUPY THE VANGUARD IN CHINA'S DEVELOPMENT EFFORTS. TEN NEW OIL-FIELDS THE SIZE OF TACHING ARE TO BE DEVELOPED AND INCREASED ATTENTION PAID TO OFFSHORE DRILLING.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 PEKING 01009 02 OF 02 190208Z
ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 IO-13 AGRE-00 AID-05 COME-00 EB-07 FRB-03
TRSE-00 XMB-02 OPIC-03 LAB-04 EPG-02 SIL-01
OMB-01 /096 W

-----190301Z 075152 /75

R 190055Z MAY 77
FM USLO PEKING
TO SECSTATE WASHDC 7827
INFO AMCONSUL HONG KONG
AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI
AMEMBASSY TOKYO
CINCPAC HONOLULU HI

LIMITED OFFICIAL USE SECTION 2 OF 2 PEKING 1009

CINCPAC FOR POLAD

9. FOREIGN ONCHNOLOGY -- USE OF FOREIGN TECHNOLOGY ASIZART OKTHE
PRC DEVELOPMENT EFFORT WAS OFFICIALLY SANCTIONED. IN ADDITION TO
MORE DIRECT STATEMENTS, SEVERAL SPEECHES CITED AGAIN THE KELLOGG
FERTILIZER PLANT AT TACHING AS A MAJOR ACHIEVEMENT IN TACHING'S
HISTORY. ALTHOUGH THE PLANT WAS IDENTIFIED -- ONCE -- AS A
PRODUCT OF FOREIGN TECHNOLOGY, THE AMERICAN CONNECTION WAS NOT
MENTIONED.

10. THOSE PORTIONS OF CONFERENCE SPEECHES DEVOTED TO ENTERPRISE
MANAGEMENT WERE DIVIDED BETWEEN PAENS TO PRODUCTION AND CONSIST-
ENTLY PRAGMATIC, STRICTLY PRODUCTION-ORIENTED GUIDELINES BOTH
FOR LABOR AND FOR FACTORY LEADERSHIP. SUCH GUIDELINES WERE
PARTICULARLY PROMINENT IN THE SPEECH OF TACHING PARTY SECRETARY
SUNG CHEN-MING, MUCH OF WHOSE DETAILED TALK WAS NOT
TRANSLATED BY NCNA.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PEKING 01009 02 OF 02 190208Z

11. ALTHOUGH THE CONFERENCE WAS BASICALLY POLITICL, TO SHOW THE
UNITY AND PURPOSEFULNESS OF THE LEADERSHIP, POLITICS WAS
RELEGATED TO A DISTINCTLYSUBORDINATE FUNCTION IN THE MAJOR
SPEECHES. ATTACKS ON THE GANG OF FOUR, FOR EXAMPLE, WERE PLAYED
DOWN. EPITOMIZING THE CONFERENCE LINE, HUA SAID, "REVOLUTION MEANS
LIBERATING THE PRODUCTIVE FORCES. ONE IMPORTANT TASK OF THE
DICTATORSHIP OF THE PROLETARIAT IS TO DEVELOPTHE PRODUCTIVE
FORCES RAPIDLY, MAKE TECHNICAL INNOVATIONS AND TECHNICAL
REVOLUTION, AND RAISE LABOR PRODUCTIVITY HIGHTER THAN UNDER
CAPITALISM. THIS IS AN INDISPENSABLE PREREQUISITE...."

12. PARTICULAR POINTS OF ENTERPRISE MANAGEMENT EMPHASIZED DURING
THE CONFERENCE INCLUDED:

- A) STRICTER ADHERENCE TO ALL ELEMENTS ON THE ANNUAL PLAN.
- B) SIMPLIFICATION OF MANAGEMENT TO BE ACHIEVED BY REDUCTION
IN THE NUMBER OF MANAGERS.
- C) A MORE "SCIENTIFIC" APPROACH TO MANAGEMENT. PARTICULAR
ATTENTION SHOULD BE PAID TO MACHINE MAINTENANCE, QUALITY CONTROL,
USE OF NEW TECHNIQUES.
- D) MORE RESEARCH. THOSE MAKING CONTRIBUTIONS TO PRODUCTION
THROUGH SCIENTIFIC RESEARCH SHOULD BE APPROPRIATELY HONORED.
- E) IMPROVEMENT OF THE TECHNICAL CAPABILITIES OF THE WORKERS.
EVERY WORKER SHOULD DO ONE NIGHT A WEEK TECHNICAL STUDY.

ENTERPRISE TECHNICAL SCHOOLS SHOULD BE REOPENED.

F) CADRES SHOULD DEVOTE THEMSELVES TO ACQUIRING TECHNICAL EXPERTISE AS WELL AS PRACTICAL EXPERIENCE.

G) A HIGHER DEGREE OF CENTRALIZATION AND A UNIFIED COMMAND. SUNG, IN HIS SPEECH, CITED THE "PRODUCTION COMMAND CENTER" AT TACHING, WHICH HAD BROAD AUTHORITY OVER ALL PRODUCTION ACTIVITIES, NO MATTER WHICH MINISTRY INITIATED THEM.

H) REDUCTION OF NON-PRODUCTIVE ACTIVITIES, SUCH AS CULTURAL, ATHLETIC AND MILITIA ACTIVITIES.

I) STRICT ATTENTION TO COSTS AND TO THE REDUCTION OF WASTE.

J) INCREASED ATTENTION TO BUDGETARY AND FINANCIAL MANAGEMENT, AND TO INVENTORY CONTROL.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PEKING 01009 02 OF 02 190208Z

13. BESIDES A MENTION IN YU CHIU-LI'S SPEECH THAT "A SPECIAL CONFERENCE WILL BE HELD TO STUDY AND TACKLE THE PROBLEMS INVOLVED IN EMPLOYMENT AND WAGE RATES," THE AREA OF WAGES AND MATERIAL INCENTIVES WAS IGNORED IN ALL SPEECHES REPORTED PUBLICLY. INSTEAD, LABOR POLICY WAS CONFIRMED AS A PECULIARLY CHINESE MIXTURE OF SOCIALIST EMULATION AND SOCIAL PRESSURE. VARIETY OF DEVICES

TO MAKE THIS SYSTEM MORE EFFECTIVE WERE DISCUSSED. SUNG IDENTIFIED AS PART OF THE TACHING MODEL A SET OF SYSTEMS BY WHICH INDIVIDUALS, SQUADS AND WORK SHIFTS ARE HELD RESPONSIBLE FOR OUTPUT, BOTH IN QUALITY AND QUANTITY. THE CALL FOR RATIONAL RULES AND REGULATIONS WAS PROMINENT IN REPORTS OF THE CONFERENCE, AS WAS THE INSISTENCE ON A HIGHER LEVEL OF LABOR DISCIPLINE.

14. COMMENT. THE DISPLAY OF UNITY BY THE TOP LEADERSHIP ON CHINESE ECONOMIC POLICY AT THE TACHING CONFERENCE, GIVEN THE EVENTS OF 1976, IS AN ACHIEVEMENT IN ITSELF. MOREOVER, AT THIS CONFERENCE THERE WAS NONE OF THE TENTATIVE AND UNSURE APPROACH TO THE CHINESE ECONOMY THAT APPEARED IN THE TACHAI CONFERENCE IN DECEMBER, AND CONFIDENCE HAS EVIDENTLY RISEN. THE CONCRETE ECONOMIC DIFFICULTIES FACING CHINA -- LOW INVESTMENT, POOR AND THE PRESSURE OF POPULATION AGAINST FOOD SUPPLY -- STILL REMAIN. THE PRINCIPAL ECONOMIC IMPROVEMENT THUS FAR HAS BEEN THE LEADERSHIP'S ABILITY TO PLAN AND MAKE DECISIONS, AND TO PRESENT A COHERENT PROGRAM TO THE PUBLIC.
DEAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, INDUSTRIAL PRODUCTION, MEETINGS, MEETING REPORTS, ORGANIZATION & MANAGEMENT
Control Number: n/a
Copy: SINGLE
Sent Date: 19-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977PEKING01009
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770196-1072, D770177-0823
Format: TEL
From: PEKING
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770539/aaaabhpu.tel
Line Count: 270
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1dd7cc8f-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 HONG KONG 5541
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2449908
Secure: OPEN
Status: NATIVE
Subject: TACHING CONFERENCE
TAGS: ECON, PINT, OCON, US, CH
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/1dd7cc8f-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009